

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL 14

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

PHILLIP J. MALOOF

AN ACT

RELATING TO TAXATION; INCREASING THE PRESCRIPTION DRUG TAX
CREDIT FOR PERSONS AGE SIXTY-FIVE OR OLDER.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-2-18.3 NMSA 1978 (being Laws 1994,
Chapter 5, Section 17) is amended to read:

"7-2-18.3. CREDIT--PRESCRIPTION DRUGS. --

A. Except as otherwise provided in Subsection ~~E~~ H
of this section, any resident who files an individual New Mexico
income tax return and who is not a dependent of another
individual may claim a credit for state and local gross receipts
taxes imposed on the receipts from the sale of prescription
drugs to the resident in New Mexico.

B. Subject to the limit in Subsection D of this
section, the amount of the credit that may be claimed pursuant

Underscored material = new
[bracketed material] = delete

1 to this section by a taxpayer under sixty-five years of age
2 shall be three percent of the taxpayer's actual unreimbursed
3 expenditures for prescription drugs purchased in New Mexico
4 during the taxable year for which the return is filed. ~~but]~~

5 C. Subject to the limit in Subsection D of this
6 section, the amount of the credit that may be claimed pursuant
7 to this section by a taxpayer sixty-five years of age or older
8 shall be five percent of the taxpayer's actual unreimbursed
9 expenditures for prescription drugs purchased in New Mexico
10 during the taxable year for which the return is filed.

11 D. If all individuals included in the return are
12 under sixty-five years of age, the amount of the credit claimed
13 shall not exceed one hundred fifty dollars (\$150) per exemption
14 allowable for federal income tax purposes for each individual
15 included in the return or three hundred dollars (\$300) per
16 return, whichever is less. If any individual included in the
17 return is sixty-five years of age or older, the amount of credit
18 claimed shall not exceed two hundred fifty dollars (\$250) per
19 exemption allowable for federal income tax purposes for each
20 individual included in the return or five hundred dollars (\$500)
21 per return, whichever is less.

22 E. As used in [this subsection] Subsections B and C
23 of this section, the term "drugs purchased in New Mexico"
24 excludes drugs purchased from any out-of-state source unless the
25 New Mexico compensating tax has been paid on the purchase.

.113799.1

Underscored material = new
[bracketed material] = delete

1 ~~[E-]~~ F. The credit provided under this section may
2 be deducted from the taxpayer's New Mexico income tax liability
3 for the taxable year. If the credit exceeds the taxpayer's
4 income tax liability for the taxable year, the excess shall be
5 refunded to the taxpayer.

6 ~~[D-]~~ G. A husband and wife who file separate returns
7 for a taxable year in which they could have filed a joint return
8 may each claim only one-half of the credit provided under this
9 section that would have been allowed on a joint return.

10 ~~[E-]~~ H. No claim for the credit provided under this
11 section shall be filed by a resident who was an inmate of a
12 public institution for more than six months during the taxable
13 year for which the credit could be claimed or who was not
14 physically present in New Mexico for at least six months during
15 the taxable year for which the credit could be claimed.

16 ~~[F-]~~ I. As used in this section:

17 (1) "dependent" means "dependent" as defined by
18 Section 152 of the Internal Revenue Code, but also includes a
19 minor child or stepchild of the resident who would be a
20 dependent for federal income tax purposes if the public
21 assistance contributing to the support of the child or stepchild
22 was considered to have been contributed by the resident; and

23 (2) "prescription drugs" means insulin and
24 substances that are:

25 (a) dispensed by or under the supervision

Underscored material = new
[bracketed material] = delete

1 of a licensed pharmacist or other person authorized under state
2 law to dispense the substance;

3 (b) prescribed for a specified individual
4 by a person authorized under state law to prescribe the
5 substance; and

6 (c) subject to the restrictions on sale
7 contained in 21 U.S.C. 353(b)(1). "

8 - 4 -

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 FORTY-THIRD LEGISLATURE

2 FIRST SESSION, 1997

SB 14/a

3
4
5 January 31, 1997

6
7 Mr. President:

8
9 Your WAYS AND MEANS COMMITTEE, to whom has been
10 referred

11 SENATE BILL 14

12
13
14 has had it under consideration and reports same with
15 recommendation that it DO PASS, amended as follows:

16
17 1. On page 1, line 12, before the period insert "; SETTING AN
18 INCOME LIMITATION ON PERSONS ELIGIBLE FOR THE CREDIT".

19
20 2. On page 1, line 18, after "in" strike the remainder of the
21 line and insert in lieu thereof "Subsections H and I".

22
23 3. On page 3, between lines 15 and 16, insert the following
24 new subsection:

25 "I. No resident may claim the credit provided in this

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SWMC/SB 14

Page 6

section if the resident:

(1) files as a single person or head of household and has an adjusted gross income for the taxable year for which the credit is being claimed that exceeds forty thousand dollars (\$40,000);

(2) is married filing jointly and the resident's adjusted gross income for the taxable year for which the credit is being claimed exceeds sixty thousand dollars (\$60,000); or

(3) is married filing a separate return for a taxable year in which the resident could have filed a joint return and the combined adjusted gross income of the resident and the resident's spouse for the taxable year for which the credit is being claimed exceeds sixty thousand dollars (\$60,000).".

4. Reletter the succeeding subsection accordingly.

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SWMC/SB 14

Page 7

and thence referred to the FINANCE COMMITTEE.

Respectfully submitted,

Richard M. Romero, Vice Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 5 For 0 Against

Yes: 5

No: 0

Excused: Duran, Kidd, McSorley, Nava

Absent: None

Underscored material = new
[bracketed material] = delete

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

SWMC/SB 14

Page 8

S0014WMI

. 115499. 1

Underscored material = new
[bracketed material] = delete